

**Joint Audit Committee of the Police and Crime Commissioner for Bedfordshire
and Bedfordshire Police**

Meeting of 25 September 2014

Minutes

Present:

Mr Jagtar Singh - Chair	Independent Committee Member
Mr Wayne Brads	Independent Committee Member
Mr Andrew Godman	Independent Committee Member
Mr Graham Seaby	Independent Committee Member
Mr Paul Smith	Independent Committee Member
Mr Phil Wells	Joint Chief Finance Officer for of the Police and Crime Commissioner for Bedfordshire and Bedfordshire Police
Nanci Hogan	Chief of Staff
Mrs Pat Brown	Compliance Officer - Minutes
Mr Mark Hodgson	Audit Director, Ernst & Young LLP
Mr Mark Jones	Head of Internal Audit, Baker Tilly Holdings Ltd
Colette Paul	Chief Constable

14/JAC/28 APOLOGIES

Apologies were received from Deputy Chief Constable Jon Boutcher.

14/JAC/29 MINUTES

The minutes of the Meeting of the Joint Audit Committee held on the 25 June 2014 were confirmed.

14/JAC/30 STATUS REPORT AND MATTERS ARISING

The Committee received a status report of activity taken to implement the actions arising from the meeting held on 25 June 2014.

It was agreed for a joint development day on counter fraud and corruption to be arranged with Cambridgeshire and Hertfordshire Audit Committees to be delivered by the Joint Professional Standards Department.

Members were satisfied with the Joint Audit Committee meeting dates for 2014-15.

IT WAS RESOLVED

That the status report be noted.

14/JAC/31 DECLARATIONS OF INTEREST

There were no declarations of personal or prejudicial interests from Members.

14/JAC/32 HER MAJESTY'S INSPECTORATE OF CONSTABULARY (HMIC) INSPECTIONS

The Chief Constable joined the meeting at this point to meet with the committee and present members with an update on HMIC inspection activity in Bedfordshire. Members had been provided with a report on this matter but the Chief Constable was able to update against that report.

Concerns of HMIC on the outcomes of recent inspections and the four on-going IPCC investigations had led them to raise concerns. HMIC had understood the issues faced by Bedfordshire and they asked for the Chief Constable to submit a report to them on the challenges faced in Bedfordshire and how they were to be addressed. The Chief Constable agreed to share the report from HMIC with the committee when completed.

Members were advised that there can be a difference of emphasis between the Force and HMIC opinions within their reports; one example given was that HMIC may comment unfavourably on rises in crime reporting but that the Chief Constable and Commissioner specifically aim to increase reporting of under-reported crimes such as Domestic Violence, Serious Sexual Offences and Hate Crime.

Members acknowledged the huge demand on Force resources of the amount of HMIC inspections from October 2013 to July 2014 but supported their importance for openness and transparency. They expressed concern for the volume of inspections not the process.

Members asked for an impact assessment of HMIC inspections on the organisation.

The Chair asked for regular meetings to be arranged with the Chief Constable and Chief Finance Officer to keep the committee up to date with relevant matters.

The Chief Constable thanked members for their commitment and professionalism.

The Chief Constable left the meeting at this point to attend another appointment.

IT WAS RESOLVED

1. That members noted and considered the activity reported on recent and forthcoming HMIC inspections.
2. That members noted the implications of HMIC inspections on Bedfordshire Police.
3. That an impact assessment be carried out of HMIC inspections on the strategic processes of Bedfordshire Police

14/JAC/33 TERMS OF REFERENCE

The Chief Finance Officer presented the revised Joint Audit Committee Terms of Reference to the committee for approval. All members had contributed to the revision of this document through email and the Chair thanked them for this work. Members agreed the revised Terms of Reference subject to one amendment (in bold/underlined) as:

JOINT AUDIT COMMITTEE TERMS OF REFERENCE

1. **Constitution**

Five Members who are independent of the Commissioner and Chief Constable, for Bedfordshire, meeting at least four times a year.

The Committee is a non-executive body whose role is to, in the main, make recommendations rather than decide policies directly.

The quorum for the Joint Audit Committee is three **independent** members.

The Chairman will be specifically appointed by the Commissioner and Chief Constable. In the absence of such a specific appointment, the Committee shall elect a Chairman. The Chairman will remain in that capacity for the length of his/her appointment, usually four years.

2. **Statement of Purpose**

The purpose of the Audit Committee is to provide independent assurance, to the Commissioner and Chief Constable and therefore ultimately the public, of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the Commissioner and Chief Constable's financial and non-financial performance to the extent that it affects exposure to risk and weakens the control environment, and to oversee the financial reporting process.

3. **Terms of Reference**

Regulatory Framework

To maintain an overview and make recommendations on the governance arrangements of the Commissioner and Chief Constable including the Scheme of Consent (Delegation), Financial Regulations (including contract procedure rules), and codes of conduct and behaviour.

To review any relevant issue referred to it by the statutory officers of the Commissioner or Chief Constable or other relevant body.

To monitor the effective development and operation of risk management and make recommendations as appropriate.

To make recommendations for improvements to the arrangements and policies in place in relation to whistle blowing, the anti-fraud and anti-corruption strategy and complaints processes.

To have an overview of "value for money", including it as a factor for consideration in all other work.

To oversee the production of the Annual Governance Statements and to recommend their adoption.

To review its own effectiveness on an annual basis and provide an annual report to the Commissioner and Chief Constable

To ensure transparency in reporting so that stakeholders and the local community can understand accountability

Audit Activity

To consider the internal audit strategy and annual plan, making recommendations as appropriate.

To consider the head of internal audit's annual report and opinion, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the corporate governance arrangements, and make recommendations as appropriate.

To consider and make recommendations as appropriate on:

- internal audit reports,
- reports dealing with the management and performance of the providers of internal audit services,
- a report from internal audit on agreed recommendations not implemented within a reasonable timescale,
- the external auditor's annual letter, relevant reports, and the report to those charged with governance, and
- specific reports as agreed with the external auditor.

To comment on the scope and depth of external audit work and to provide an opinion as to the delivery of value for money.

To liaise with the Audit Commission over the appointment of the external auditor.

To commission work, where the Committee feels appropriate and provides value for money, from internal and external audit.

Accounts

To review the Statement of Accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit, and make recommendations as appropriate.

To represent the body charged with governance on behalf of the Commissioner and Chief Constable, and in doing so

- receive and respond to the annual governance reports.
- receive the Annual Audit Letter.

September 2014

It was agreed that the Terms of Reference would be amended should it be decided at a later date for members to each take on a portfolio of business activity.

IT WAS RESOLVED

1. That the revised Terms of Reference be approved.

14/JAC/34 EXTERNAL AUDIT

External Auditor Mr Mark Hodgson of Ernst and Young LLP presented the Audit Results Reports to members of the Police and Crime Commissioner and Chief Constable. The reports summarised the findings from the external audit which included key messages on financial statements and arrangements to secure value for money and concluded the audit opinions.

An unqualified audit opinion was issued on both the Commissioner's and Chief Constable's financial statements and also an unqualified value for money conclusion.

The External Auditor concluded that both the Commissioner's and Chief Constable's financial statements represented a true and fair view of the financial position for the two separate legal entities for the year ending 31 March 2014 and that both the Commissioner and Chief Constable had put in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources for the year ending 31 March 2014.

Mr Hodgson was able to reassure members that for year ending 31 March 2014 he was able to issue these opinions but warned that going forward increasing financial challenges regarding efficiencies and savings could alter this situation.

The Chair, on behalf of the Joint Audit Committee, signed the Final Accounts Declaration to officially confirm receipt of the Audit Results Reports 2013/14 for both the Commissioner and Chief Constable.

Mr Hodgson remarked on the high standard of accounting by Bedfordshire Police Financial Team.

IT WAS RESOLVED

1. That members considered the individual audit reports of the Commissioner and Chief Constable before the publication of the revised sets of audited financial statements.
2. That the Chair signed the Final Accounts Declaration to officially confirm receipt of the Audit Results Reports 2013/14 for both the Commissioner and Chief Constable.

14/JAC/35 INTERNAL AUDIT

a) Progress against the Internal Audit Plan 2014/15

Mr Mark Jones of Baker Tilly Holdings Ltd. presented an update report on the progress of the 2014/15 Internal Audit Plan approved at the meeting in March 2014.

Members were informed that two audits had been finalised as:

1. **Reputational Management**– (rated amber/green) recommendations - 3 medium priority and 4 low priority

2. **Joint Protective Services Governance** - (rated amber/green) - recommendations – 1 high priority

The executive summaries of the finalised audits were contained within the report to members. All full finalised audit reports had been provided to members by email and paper copy, including collaborative audits.

Members were advised there were no other collaborative audits to report at this meeting.

Members were advised that the audit on the Delivery of the Police and Crime Plan had been delayed until November to allow time for revisions to be completed prior to audit.

Members considered the Internal Audit Report and noted the progress made to date against the 2014/15 Internal Audit Plan.

IT WAS RESOLVED

1. That the committee noted the update of work completed against the Internal Audit Plan 2014/15

14/JAC/36 INTERNAL AUDIT

c) Progress on Recommendations

The Chief Finance Officer presented a report to members to reassure them on completion and progression of agreed recommendations from completed internal audits. Progress was reported for all high and medium priority recommendations.

No internal audits had been completed since June 2014. There were three recommendations from the June meeting in the report of which one was complete, one was outstanding and one had not yet reached its implementation date.

Members were informed with regard to the one outstanding recommendation that;

- Risk Management 2013/14 - OPCC - *following the review of the Police and Crime Plan, the OPCC SRR should be reviewed to ensure all risks have been identified and captured and directly link to the plan.* The Police and Crime Plan was still undergoing its refresh, expected to be complete in October.

Members requested that the reporting on recommendations under 'date not reached' be instead reported as 'on track'.

IT WAS RESOLVED

1. That Members consider and noted the completed recommendations.
2. That Members considered and noted the current status of the remaining recommendations as described in the report.

14/JAC/37 DRAFT SCHEME OF GOVERNANCE AND FINANCIAL REGULATIONS

The Chief Finance Officer presented a report to members on the draft Financial Regulations for Bedfordshire, Cambridgeshire and Hertfordshire.

The Scheme of Governance and the Financial Regulations were updated on 1st April 2014, due to the stage 2 transfers coming into effect at this date. At this point the opportunity was taken to adopt a common scheme of governance, in conjunction with Cambridgeshire and Hertfordshire. This was endorsed by the Police and Crime Commissioners at the Bedfordshire, Cambridgeshire and Hertfordshire Strategic Alliance meeting held on 1st April 2014.

Moving forward the Chief Finance Officers of Bedfordshire, Cambridgeshire and Hertfordshire expressed a desire to develop common financial regulations. The draft Financial Regulations were submitted to the Joint Audit Committee for noting prior to approval by the three Commissioners of Bedfordshire, Cambridgeshire and Hertfordshire.

Members were informed that the main area of change related to aligning Contract Standing Orders over the three forces. The Chief Finance Officer acknowledged that the regulations would need to be made Bedfordshire specific in relation to specific role titles and terms and advised that it was the processes that were now joint. It was agreed that the Terms of Reference would need to reflect any changes relating the Joint Audit Committee.

IT WAS RESOLVED

1. That the content of the report be noted.

14/JAC/38 STRATEGIC RISK REGISTER

Office of the Police and Crime Commissioner for Bedfordshire

The Chief of Staff, Nanci Hogan, presented a report of the Strategic Risk Register (SRR) of the Police and Crime Commissioner for consideration. Members were informed that the register would continue to evolve and was impacted on by both local and national policy development.

The report set out specific issues relevant to the delivery of the Commissioner's Police and Crime Plan.

The SRR appended to the report currently held five high level risks:

G-1 - The outcomes of the Police and Crime Plan are not delivered

R-1 - Failure to provide a policing service to the public due to inadequate resources

PE-1 - Policing services do not meet the needs of local communities, victims and witnesses

T-1 - The reputation of the Police and Crime Commissioner is damaged.

C-1 - The Police and Crime Commissioner does not meet his statutory duties regarding commissioning of victim services.

Members considered the report.

The Chief of Staff advised members on mitigations to key risk issues including collaboration, partnership working, Victim Services Commissioning and reputation.

Members discussed the report and considered the risk ratings. Members discussed how they might better support risk management and it was agreed that better communication was required to keep members up to date with activity and events that might impact on risks, particularly regarding reputation of the Commissioner and the Force. Members suggested that the risk rating regarding reputation be reapplied given the events recently in the press regarding the Commissioner and Deputy Commissioner.

No changes were made to risk ratings.

IT WAS RESOLVED

1. That members considered and noted the Strategic Risk Register of the Police and Crime Commissioner.
2. That better communication be provided to members on activity and events of the Commissioner's office that might impact on reputational risk.

14/JAC/39 STRATEGIC RISK REGISTER Bedfordshire Police (In Private)

The Chief Finance Officer presented a report to members on the current Strategic Risk Register (SRR) of Bedfordshire Police for consideration. The SSR of Bedfordshire Police reflected the risks associated with delivery of the Force's Strategic Intent.

The SRR appended to the report contained sensitive operational information and was therefore 'Restricted' and not for publication under The Elected Local Policing Bodies (Specified Information) Order 2011.

The SRR currently contained 12 strategic risks. Since the SRR was last reported to the Joint Audit Committee in June 2014 no risks had been added, one risk had been closed, four risk ratings had been increased and one reduced.

Members discussed the risks regarding performance, reduced budget, partnership working, collaborative working, force restructure, HMIC inspections and specific operational policing matters. Members expressed concern that six of the twelve risks were considered at the highest rating and these mostly related to severe financial pressures and resourcing. Members sought assurance that the force was doing all it could to address the financial pressures and asked for this to be better addressed in a development day. Members expressed concern of the sustainability and continuity of service of Bedfordshire Police.

Members commented that updates since the last report had not been highlighted as usual and were advised that the risk register was now updated monthly and to show all track changes since the last meeting would make the report difficult to read. Members were advised that this matter would be looked into and addressed for the next meeting in December.

IT WAS RESOLVED

1. That Members considered and noted the risks in the Force Strategic Risk Register.

14/JAC/40 Meeting closed at 4.15pm

14/JAC/41 MEETING WITH EXTERNAL AND INTERNAL AUDITORS WITH NO OFFICERS PRESENT

Members of the Joint Audit Committee met with Mark Hodgson of Ernst & Young LLP and Mark Jones of Baker Tilly Holdings Ltd with no officers present.

